

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2010 - Funding Summary

	Base Budget	Final Legislative Action	Comparison to Base Budget
Insurance Department			
Salaries and wages	\$8,549,567	\$8,149,998	(\$399,569)
Operating expenses	2,179,777	1,766,675	(413,102)
Insurance tax payments	15,064,086	18,818,030	3,753,944
Total all funds	\$25,793,430	\$28,734,703	\$2,941,273
Less estimated income	25,793,430	28,734,703	2,941,273
General fund	\$0	\$0	\$0
FTE	46.00	41.00	(5.00)
Bill total			
Total all funds	\$25,793,430	\$28,734,703	\$2,941,273
Less estimated income	25,793,430	28,734,703	2,941,273
General fund	\$0	\$0	\$0
FTE	46.00	41.00	(5.00)

Senate Bill No. 2010 - Insurance Department - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$8,549,567	(\$415,092)	\$8,134,475
Operating expenses	2,179,777	(613,102)	1,566,675
Insurance tax payments	15,064,086	(15,064,086)	
Total all funds	\$25,793,430	(\$16,092,280)	\$9,701,150
Less estimated income	25,793,430	(16,092,280)	9,701,150
General fund	\$0	\$0	\$0
FTE	46.00	(5.00)	41.00

Department 401 - Insurance Department - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes¹	Adds Funding for Salary and Benefit Increases²	Adds FTE Positions³	Transfers Fund Administration⁴	Transfers the Boiler Inspection Program⁵	Reduces Funding for Operating Expenses⁶
Salaries and wages	\$165,007	\$401,116	\$382,502	(\$610,352)	(\$753,365)	
Operating expenses						(\$637,255)
Insurance tax payments						
Total all funds	\$165,007	\$401,116	\$382,502	(\$610,352)	(\$753,365)	(\$637,255)
Less estimated income	165,007	401,116	382,502	(610,352)	(753,365)	(637,255)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	2.00	(3.00)	(4.00)	0.00

	Adds Funding for Microsoft Office 365 Licensing⁷	Adjusts Funding for Fire District Payments⁸	Total Senate Changes
Salaries and wages			(\$415,092)
Operating expenses	\$24,153		(613,102)
Insurance tax payments		(\$15,064,086)	(15,064,086)
Total all funds	\$24,153	(\$15,064,086)	(\$16,092,280)
Less estimated income	24,153	(15,064,086)	(16,092,280)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	(5.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	<u>Other Funds</u>
Salary increase	\$218,170
Health insurance increase	<u>182,946</u>
Total	\$401,116

³ The following FTE positions and related funding are added:

	<u>FTE</u>	<u>Other Funds</u>
Consumer assistance outreach coordinator	1.00	\$179,711
High risk pool and health care reform coordinator	<u>1.00</u>	<u>202,791</u>
Total	2.00	\$382,502

⁴ Funding is reduced by \$610,352 and 3 FTE positions are removed to transfer administration of the state bonding fund and the state fire and tornado fund to the North Dakota insurance reserve fund. This amendment also provides continuing appropriation authority from the state bonding fund and the state fire and tornado fund to pay contract expenses to the North Dakota insurance reserve fund.

⁵ Funding is reduced by \$753,365 and 4 FTE positions are removed to transfer the boiler inspection program to the Department of Environmental Quality.

⁶ Funding for operating expenses, including travel, professional services, and information technology expenses, is reduced by \$637,255. This amount includes operating reductions for the removal of the boiler inspection program and administration of the state bonding fund, state fire and tornado fund, and petroleum release compensation fund.

⁷ Funding of \$24,153 is added for Microsoft Office 365 licensing expenses.

⁸ Funding for payments to fire districts and the North Dakota Firefighter's Association is removed to reflect continuing appropriation authority provided in this amendment. The Insurance Commissioner estimates \$18,818,030 will be deposited in the insurance tax distribution fund pursuant to this amendment, of which \$17,783,038 (94.5 percent) will be distributed to fire districts and \$1,034,992 (5.5 percent) will be distributed to the North Dakota Firefighter's Association during the 2019-21 biennium, an increase of \$3,753,944 from the base level. This results in a general fund revenue reduction of \$3,753,944.

Senate Bill No. 2010 - Insurance Department - House Action

	<u>Base Budget</u>	<u>Senate Version</u>	<u>House Changes</u>	<u>House Version</u>
Salaries and wages	\$8,549,567	\$8,134,475	\$15,523	\$8,149,998
Operating expenses	2,179,777	1,566,675		1,566,675
Insurance tax payments	<u>15,064,086</u>		<u>17,519,422</u>	<u>17,519,422</u>
Total all funds	\$25,793,430	\$9,701,150	\$17,534,945	\$27,236,095
Less estimated income	<u>25,793,430</u>	<u>9,701,150</u>	<u>17,534,945</u>	<u>27,236,095</u>
General fund	\$0	\$0	\$0	\$0
FTE	46.00	41.00	0.00	41.00

Department 401 - Insurance Department - Detail of House Changes

	<u>Adds Funding for Salary Increases¹</u>	<u>Adjusts Funding for Fire District Payments²</u>	<u>Total House Changes</u>
Salaries and wages	\$15,523		\$15,523
Operating expenses			
Insurance tax payments		<u>\$17,519,422</u>	<u>17,519,422</u>
Total all funds	\$15,523	\$17,519,422	\$17,534,945
Less estimated income	<u>15,523</u>	<u>17,519,422</u>	<u>17,534,945</u>
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

¹ Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020. The Senate provided funding for a 2 percent salary increase on July 1, 2019, and a 3 percent salary increase on July 1, 2020.

² Funding from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association is restored to reflect the removal of continuing appropriation authority approved by the Senate. This amendment provides \$16,773,750 to be distributed to fire districts, an estimated reduction of \$1,009,288 from the Senate version but an increase of \$2,538,189 from the base level. The amendment also provides \$745,672 to be distributed to the North Dakota Firefighter's Association, an estimated reduction of \$289,320 from the Senate version and a reduction of \$82,853 from the base level. This results in a general fund revenue reduction of \$2,455,336 compared to the base level, and a general fund revenue increase of \$1,298,608 compared to the Senate version.

Senate Bill No. 2010 - Insurance Department - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$8,549,567	\$8,134,475	\$15,523	\$8,149,998	\$8,149,998	
Operating expenses	2,179,777	1,566,675	200,000	1,766,675	1,566,675	\$200,000
Insurance tax payments	15,064,086		18,818,030	18,818,030	17,519,422	1,298,608
Total all funds	\$25,793,430	\$9,701,150	\$19,033,553	\$28,734,703	\$27,236,095	\$1,498,608
Less estimated income	25,793,430	9,701,150	19,033,553	28,734,703	27,236,095	1,498,608
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	46.00	41.00	0.00	41.00	41.00	0.00

Department 401 - Insurance Department - Detail of Conference Committee Changes

	Adds Funding for Salary Increases ¹	Adjusts Funding for Fire District Payments ²	Add One-Time Funding for Health Care Analysis ³	Total Conference Committee Changes
Salaries and wages	\$15,523			\$15,523
Operating expenses			\$200,000	200,000
Insurance tax payments		\$18,818,030		18,818,030
Total all funds	\$15,523	\$18,818,030	\$200,000	\$19,033,553
Less estimated income	15,523	18,818,030	200,000	19,033,553
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

¹ Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020, the same as the House version. The Senate provided funding for a 2 percent salary increase on July 1, 2019, and a 3 percent salary increase on July 1, 2020.

² Funding from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association is restored to reflect the removal of continuing appropriation authority approved by the Senate. The House also removed the continuing appropriation authority. This amendment provides \$17,989,505 to be distributed to fire departments, an increase of \$3,753,944 from the base level. The Senate provided an estimated \$17,783,038 and the House provided \$16,773,750 for fire department payments. The amendment also provides \$828,525 to be distributed to the North Dakota Firefighter's Association, the same as the base level. The Senate provided an estimated \$1,034,992 and the House provided \$745,672 for the North Dakota Firefighter's Association. This results in a general fund revenue reduction of \$3,753,944 compared to the base level, the same as the Senate version and \$1,298,608 more than the House version.

³ One-time funding of \$200,000 is appropriated for an analysis of health care in the state to assist the Legislative Management in its study of health insurance premium trends pursuant to House Bill No. 1106. Neither the House nor the Senate included funding for the health care analysis.

Senate Bill No. 2010 - Other Changes - Senate Action

This amendment also:

- Removes the section identifying the appropriation from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
 - Adds sections to provide continuing appropriation authority from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association. These sections also provide for the Insurance Commissioner to calculate the amounts to be deposited in and distributed from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
 - Removes sections identifying the amounts appropriated from the state bonding fund, state fire and tornado fund, and the petroleum release compensation fund.
 - Adds sections to allow the Insurance Commissioner to contract for the administration of the state bonding fund and the state fire and tornado fund.
 - Adds sections to provide continuing appropriation authority from the state bonding fund and the state fire and tornado fund to the Insurance Commissioner to pay the contractual administration costs for the funds.
 - Adds sections to transfer the boiler inspection program from the Insurance Commissioner to the Department of Environmental Quality.
 - Adds a section to increase the Insurance Commissioner's salary by 2 percent beginning July 1, 2019, and 3 percent beginning July 1, 2020.
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Senate Bill No. 2010 - Other Changes - House Action

This amendment also:

- Removes sections providing continuing appropriation authority to the Insurance Commissioner for fire department and North Dakota Firefighter's Association payments from the insurance tax distribution fund.
 - Removes sections providing for the transfer of the boiler inspection program to the Department of Environmental Quality. The transfer of the program is provided for in the Senate version of House Bill No. 1024.
 - Adjusts the section providing statutory changes necessary to increase the salary of the Insurance Commissioner.
 - Adds sections to provide statutory changes relating to rebates associated with obtaining an insurance quote.
 - Adds a statutory section to provide accident and health insurance policies may not take into account any pre-existing condition of an applicant.
 - Adds a section to provide legislative intent that fire departments utilize increased distributions from the insurance tax distribution fund to improve their Insurance Service Office (ISO) ratings.
 - Adds a section to provide for a Legislative Management study of the feasibility and desirability of establishing a pension for volunteer firefighters.
 - Adds a section to declare the sections providing for the transfer of administration of the state bonding fund and the state fire and tornado fund to be an emergency.
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Senate Bill No. 2010 - Other Changes - Conference Committee Action

This amendment also:

- Removes sections added by the Senate to provide continuing appropriation authority to the Insurance Commissioner for fire department and North Dakota Firefighter's Association payments from the insurance tax distribution fund. The House also removed these sections.
- Removes sections added by the Senate to provide for the transfer of the boiler inspection program to the Department of Environmental Quality. The transfer of the program is provided for in the Senate version of House Bill No. 1024.
- Adjusts the section providing statutory changes necessary to increase the salary of the Insurance Commissioner, the same as the House version.
- Adds sections to provide statutory changes relating to rebates associated with obtaining an insurance quote, the same as the House version.
- Adds a section to provide for the Insurance Department to conduct a detailed analysis of health care in the state to assist the Legislative Management with its interim study of health insurance premium trends pursuant to House Bill No. 1106. Neither the House nor the Senate included this section.
- Does not include a section added by the House to provide accident and health insurance policies may not take into account any pre-existing condition of an applicant. The Conference Committee amendment provides for a Legislative Management study of health insurance coverage for pre-existing conditions.

- Adds a section to provide legislative intent that fire departments utilize increased distributions from the insurance tax distribution fund to improve their Insurance Service Office (ISO) ratings, the same as the House version.
- Adds a section to provide for a Legislative Management study of the feasibility and desirability of establishing a pension for volunteer firefighters, the same as the House version.
- Adds a section to declare the sections providing for the transfer of administration of the state bonding fund and the state fire and tornado fund to be an emergency.